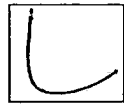


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02747A
Los Cerros Water Co., Inc.
4003 N. Flowing Wells Road
Tucson, AZ 85705

RECEIVED

MAR 05 2007

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
--------	----

PROCESSED BY:

3-501RA

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Los Cerros Water Co., Inc.</u>		
Mailing Address <u>4003 North Flowing Wells Road</u>		
<u>Tucson</u> (City)	<u>AZ</u> (State)	<u>85705</u> (Zip)
<u>(520) 293-5500</u> Telephone No. (Include Area Code)	<u>(520) 293-3810</u> Fax No. (Include Area Code)	<u>(520) 401-0102</u> Pager/Cell No. (Include Area Code)
Email Address <u>loscerroswater@comcast.net</u>		
Local Office Mailing Address <u>Same</u>		
<u>Same</u> (City)	<u>Same</u> (State)	<u>Same</u> (Zip)
<u>Same</u> Local Office Telephone No. (Include Area Code)	<u>Same</u> Fax No. (Include Area Code)	<u>Same</u> Pager/Cell No. (Include Area Code)
Email Address <u>same</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Jody Carlson</u>		<u>Secretary</u>
<u>4003 N. Flowing Wells Road</u> (Street)	<u>Tucson, AZ</u> (City)	<u>85705</u> (State) (Zip)
<u>(520) 293-5500</u> Telephone No. (Include Area Code)	<u>(520) 293-3810</u> Fax No. (Include Area Code)	<u>(520) 401-0102</u> Pager/Cell No. (Include Area Code)
Email Address <u>loscerroswater@comcast.net</u>		
On Site Manager: <u>Jody Carlson</u>		
<u>4003 N. Flowing Wells Road</u> (Street)	<u>Tucson, AZ</u> (City)	<u>85705</u> (State) (Zip)
<u>(520) 293-5500</u> Telephone No. (Include Area Code)	<u>(520) 293-3810</u> Fax No. (Include Area Code)	<u>(520) 401-0102</u> Pager/Cell No. (Include Area Code)
Email Address <u>loscerroswater@comcast.net</u>		

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Richard Block

1660 East River Road (Name)

Tucson, AZ 85718

(Street)

(City)

(State)

(Zip)

(520) 577-7575

(520) 577-7599

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Richard Block

(Name)

1660 East River Road

Tucson, AZ 85718

(Street)

(City)

(State)

(Zip)

(520) 577-7575

(520) 577-7599

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

Company Name: Los Cerros Water Co., Inc.

UTILITY PLANT IN SERVICE

Acct No	Description	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	\$ -	\$ -	\$ -
302	Franchises	\$ -	\$ -	\$ -
303	Land and Land Rights	\$ 5,650	\$ -	\$ 5,650
304	Structures and Improvements	\$ 11,126	\$ 9,286	\$ 1,840
307	Wells and Springs	\$ 480,047	\$ 110,196	\$ 369,851
311	Pumping Equipment	\$ 127,723	\$ 111,119	\$ 16,604
320	Water Treatment Equipment	\$ 2,525	\$ 730	\$ 1,795
330	Distribution Reservoirs and Standpipes	\$ 55,578	\$ 55,271	\$ 307
331	Transmission and Distribution Mains	\$ 380,650	\$ 361,639	\$ 19,011
333	Services	\$ 117,551	\$ 68,700	\$ 48,851
334	Meters and Meter Installations	\$ 137,990	\$ 40,471	\$ 97,519
335	Hydrants	\$ 7,207	\$ 6,110	\$ 1,097
336	Backflow Prevention Devices	\$ -	\$ -	\$ -
339	Other Plant and Misc Equipment	\$ 2,750	\$ 852	\$ 1,898
340	Office Furniture and Equipment	\$ -	\$ -	\$ -
341	Transportation Equipment	\$ 16,525	\$ 7,433	\$ 9,092
343	Tools, Shop and Garage Equipment	\$ -	\$ -	\$ -
344	Laboratory Equipment	\$ -	\$ -	\$ -
345	Power Operated Equipment	\$ -	\$ -	\$ -
346	Communication Equipment	\$ -	\$ -	\$ -
347	Miscellaneous Equipment	\$ 1,017	\$ 251	\$ 766
348	Other Tangible Plant	\$ -	\$ -	
	TOTALS	\$ 1,346,339	\$ 772,058	\$ 574,281

(AD) = This amount goes on the Balance Sheet Acct No 108

Company Name: Los Cerros Water Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct No	Description	Original Cost (OC)	Depreciation Percentage -2	Depreciation Expense (1 x 2)
301	Organization	\$ -		\$ -
302	Franchises	\$ -		\$ -
303	Land and Land Rights	\$ 5,650		\$ -
304	Structures and Improvements	\$ 11,126	5%	\$ 556
307	Wells and Springs	\$ 480,047	5%	\$ 24,002
311	Pumping Equipment	\$ 127,723	5%	\$ 6,386
320	Water Treatment Equipment	\$ 2,525	5%	\$ 126
330	Distribution Reservoirs and Standpipes	\$ 55,578	5%	\$ 2,779
331	Transmission and Distribution Mains	\$ 380,650	5%	\$ 19,033
333	Services	\$ 117,551	5%	\$ 5,878
334	Meters and Meter Installations	\$ 137,990	5%	\$ 6,900
335	Hydrants	\$ 7,207	5%	\$ 360
336	Backflow Prevention Devices	\$ -	5%	\$ -
339	Other Plant and Misc Equipment	\$ 2,750	5%	\$ 138
340	Office Furniture and Equipment	\$ -	5%	\$ -
341	Transportation Equipment	\$ 16,525	5%	\$ 826
343	Tools, Shop and Garage Equipment	\$ -	5%	\$ -
344	Laboratory Equipment	\$ -	5%	\$ -
345	Power Operated Equipment	\$ -	5%	\$ -
346	Communication Equipment	\$ -	5%	\$ -
347	Miscellaneous Equipment	\$ 1,017	5%	\$ 51
348	Other Tangible Plant	\$ -	5%	\$ -
	TOTALS	\$ 1,346,339		\$ 67,034

Depreciation Expense = This amount goes on the Comparative Statement of Income and Expense Acct No. 403

Company Name: Los Cerros Water Co., Inc.

BALANCE SHEET

Acct. No.	ASSETS	Balance at Beginning of Year	Balance at End of Year
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$51,448	\$44,643
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Recievable	\$14,661	\$19,387
146	Notes/Receivable from Associated Companies	\$103	\$0
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	\$220	\$868
	TOTAL CURRENT AND ACCRUED ASSETS	\$66,432	\$64,898
	FIXED ASSETS		
101	Utility Plant in Service	\$1,343,675	\$1,346,339
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	(\$705,107)	(\$772,058)
121	Non-Utility Property		
122	Accumulated Depreciatin - Non Utility		
	TOTAL FIXED ASSETS	\$638,568	\$574,281
	TOTAL ASSETS	\$705,000	\$639,179

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

Company Name: Los Cerros Water Co., Inc.

BALANCE SHEET (CONTINUED)

Acct. No.	ASSETS	Balance at Beginning of Year	Balance at End of Year
	CURRENT LIABILITIES		
231	Accounts Payable	\$755	\$924
232	Notes Payable (Current Portion)		
234	Notes/Accts Payable to Associated Companies		
235	Customer Deposits	\$115,545	\$102,028
236	Accrued Taxes	\$2,266	\$2,081
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$118,566	\$105,033
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$0	\$0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	\$442,672	\$428,834
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	\$195,807	\$195,807
272	Less: Amortization of Contributions	(\$83,547)	(\$93,337)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$554,932	\$531,304
	TOTAL LIABILITIES	\$673,498	\$636,337
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100,000	\$ 100,000
211	Paid in Capital in Excess of Par Value	\$ 103,550	\$ 103,550
215	Retained Earnings	\$ (172,048)	\$ (200,708)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 31,502	\$ 2,842
	TOTAL LIABILITIES AND CAPITAL	\$ 705,000	\$ 639,179

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	Prior Year	Current Year
461	Metered Water Revenue	\$316,530	\$358,702
460	Unmetered Water Revenue	\$0	\$0
474	Other Water Revenues	\$12,637	\$8,256
	TOTAL REVENUES	\$329,167	\$366,958
	OPERATING EXPENSES		
601	Salaries and Wages	\$52,935	\$80,418
610	Purchased Water	\$0	\$0
615	Purchased Power	\$26,871	\$31,099
618	Chemicals	\$92	\$913
620	Repairs and Maintenance	\$12,048	\$34,973
621	Office Supplies and Expense	\$5,875	\$10,713
630	Outside Services	\$25,052	\$21,896
635	Water Testing	\$3,295	\$426
641	Rents	\$510	\$0
650	Transportation Expenses	\$3,655	\$3,447
657	Insurance - General Liability	\$3,557	\$3,400
659	Insurance - Health and Life	\$0	\$0
666	Regulatory Commission Expense - Rate Case	\$0	\$0
675	Miscellaneous Expense	\$2,074	\$5,069
403	Depreciation Expense***	\$57,441	\$57,244
408	Taxes other Than Income	\$6,194	\$7,533
408.11	Property Taxes	\$15,885	\$15,939
409	Income Tax	\$-	\$-
	TOTAL OPERATING EXPENSES	\$215,484	\$273,070
	OPERATING INCOME (LOSS)	\$113,683	\$93,888
	OTHER INCOME (EXPENSE)		
419	Interest and Dividend Income	\$272	\$294
421	Non-Utility Income	\$-	\$-
426	Miscellaneous Non-Utility Expenses	\$-	\$(195)
427	Interest Expense	\$(462)	\$(647)
	TOTAL OTHER INCOME (EXPENSE)	\$(190)	\$(548)
	NET INCOME (LOSS)	\$113,493	\$93,340

*** Depreciation	\$66,901	\$67,034
Less: A/A for CIAC	\$(9,460)	\$(9,790)
Total	\$57,441	\$57,244

COMPANY NAME: LOS CERROS WATER COMPANY, INC.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$92,528.00

Meter Deposits Refunded During the Test Year \$12,944.00

Company Name: Los Cerros Water Co., Inc.
--

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (Inches)	Year Drilled
Wilds 55-802342	30	250	518'	10"	3"	1971
Fiesta 55-805783	10	130	N/A	8"	3"	N/A
LDO 55-804734	30	400	396'	10"	3"	1974
Silver Buckle 55-591958	20	100	564'	12"	3"	2003

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	2	52	
10	2		
7.5 (Silver Buckle)	3		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
60000 (LDO)	1	5000 (Fiesta/Wilds)	2
375000 (Silver Buckle)	1	20000 (Swan/LDO)	2
		5000 (Silver Buckle)	1

Company Name: Los Cerros Water Co., Inc.

Water Company Plant Description (Continued)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	7360
3	PVC	2395
4	PVC	24280
5		
6	PVC	28701
8	PVC	18532
10		
12	PVC	588

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 x 3/4	804
3/4	5
1	15
1 1/2	
2	7
Comp. 3	1
Turbo 3	
Comp. 4	
Turbo 4	
Comp 5	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

LDO Chlorinator

Wilds Road Chlorinator

Chemical Pump

8 gpm Chemical Feed Pump

Silver Buckle Well - Plusatron Chemical Feed Pump (20 gal 3/8" Line)

STRUCTURES:

Existing Fences (Chainlink surrounding all 4 wells) Approx 29' x 20' area for each well site

Shed @ Wilds Road Well Site

Fence @ pumping stations

OTHER:

1998 Mazda 4 x 4 Truck

Company Name: Los Cerros Water Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)
JANUARY	832	5581	6131
FEBRUARY	840	6349	6967
MARCH	840	5927	6332
APRIL	825	6635	7328
MAY	816	8077	8775
JUNE	827	10676	11627
JULY	823	9695	10579
AUGUST	822	8602	9420
SEPTEMBER	819	8093	7400
OCTOBER	819	7723	8233
NOVEMBER	813	7218	7955
DECEMBER	816	6320	6819
TOTAL		90896	97566

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(☒) YES (☐) NO

Does the Company have an ADWR Gallons Per Capital Per Day (GPCPD) Requirement?

(☐) YES (☒) NO

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system?

(If more than one well, please list each separately.)

	mg/l
Wilds Road Well	<0.001
Fiesta Wells	<0.001
Lago Del Oro Well	<0.001
Silver Buckle Well	<0.001

NOTE: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Los Cerros Water Co., Inc. YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 15,939.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

MAR 05 2007

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

COUNTY OF (COUNTY NAME) Pima
NAME (OWNER OR OFFICIAL) TITLE Alan R. Friedman, President
COMPANY NAME Los Cerros Water Co., Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

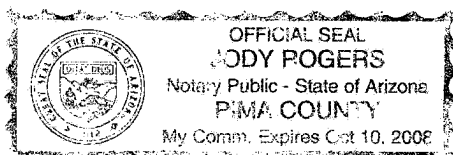
MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

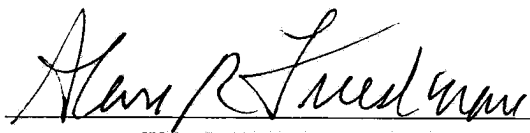
SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SUBSCRIBED AND SWORN TO BEFORE ME



SIGNATURE OF OWNER OR OFFICIAL

(520) 293-5500

TELEPHONE NUMBER

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

28th

DAY OF

COUNTY NAME Pima	
MONTH FEB	, 2007

(SEAL)

MY COMMISSION EXPIRES

10/10/2008



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Los Cerros Water Co., Inc.

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$ 120,682</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>\$ 120,682</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

2/28/07
DATE

Alan R. Friedman
PRINTED NAME

President
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAR 06 2007

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Alan R. Friedman, President</u>
COMPANY NAME	<u>Los Cerros Water Co., Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

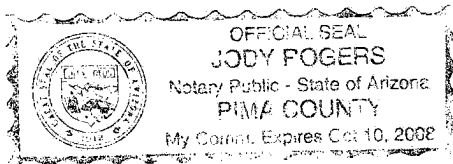
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 387,152.00

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 20,194.00
IN SALES TAXES BILLED, OR COLLECTED)



****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Alan R. Friedman

SIGNATURE OF OWNER OR OFFICIAL

(520) 293-5500

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

28th

DAY OF

(SEAL)

COUNTY NAME	<u>Pima</u>
MONTH	<u>FEB</u>
	<u>2007</u>

Jody Rogers Carlson

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/10/2008

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

MAR 06 2007

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Pima</u>	
NAME (OWNER OR OFFICIAL) <u>Alan R. Friedman</u>	TITLE <u>President</u>
COMPANY NAME <u>Los Cerros Water Co., Inc.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 361,732.00

THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 18,745.00

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Alan R. Friedman
SIGNATURE OF OWNER OR OFFICIAL

(520) 293-5500

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

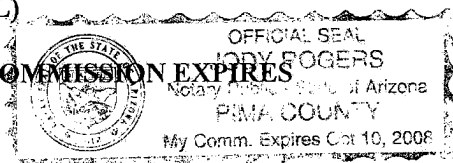
28th

DAY OF

NOTARY PUBLIC NAME <u>Pima Jody Rogers Carlson</u>	
COUNTY NAME <u>Pima</u>	
MONTH <u>Feb</u>	YEAR <u>2007</u>

(SEAL)

MY COMMISSION EXPIRES



X Jody Rogers Carlson
SIGNATURE OF NOTARY PUBLIC